



*The Commonwealth of Massachusetts
Commonwealth Health Insurance Connector Authority
One Ashburton Place, Room 805
Boston, MA 02108*

DEVAL PATRICK
Governor

TIM MURRAY
Lieutenant Governor

LESLIE KIRWAN
Board Chair

JON M. KINGSDALE
Executive Director

**Board of the Commonwealth Health Insurance Connector Authority
Minutes**

Thursday, February 26, 2009
9:00 AM – 11:00 AM
One Ashburton Place
Boston, MA 02108
21st Floor Conference Room

Attendees: Nonnie Burnes (acting chair), Jon Kingsdale, Rick Lord, Jonathan Gruber, Nancy Turnbull, Ian Duncan, Thomas Dehner, and Celia Wcislo. Absent: Leslie Kirwan, Dolores Mitchell, and Louis Malzone.

The meeting was called to order at 9:10 AM.

- I. Minutes:** Minutes of the February 12th meeting were accepted by unanimous vote.
- II. Executive Director's Report:** Jon Kingsdale explained that today's meeting would be an opportunity for Board members to discuss the Commonwealth Care (CommCare) FY2010 MMCO procurement in greater detail, specifically with respect to any questions regarding the potential new entrant. Connector staff is pleased with the procurement process to date. Nonnie Burnes stated that there is a licensing issue with the new entrant that the Division of Insurance (DOI) is attending to while coordinating with the Connector.
- III. Commonwealth Care FY2010 MMCO Procurement:** Patrick Holland provided the Board with an overview of the CommCare FY10 MMCO procurement results. Connector staff is currently about 80% of the way through the procurement process. Responses to the request for proposals (RFP) were received a week ago. Mr. Holland provided a summary of the responses, noting that, following a thorough and objective scoring process, staff has determined that the responses satisfy the five goals set by the Connector for the procurement. All four incumbents have proposed to expand their service areas. Mr. Holland expressed the Connector's appreciation for this proposed expansion of member options. Staff will be working closely with the MMCOs to ensure adequate provider networks are established. Celia Wcislo asked if there was any expansion in the western part of the State. Mr. Holland responded that expansion has been proposed in that region, but all expansions are contingent on provider networks being built out. Connector staff is pleased with programmatic savings. Jon Gruber asked for clarification of the calculation used to determine that there will be a 2.3% reduction in State costs in FY10 compared to the original projection. Mr. Holland explained that it is a conservative average, factoring in bids from existing MCOs. Nancy Turnbull expressed her pleasure with the reductions in costs and enrollee premiums and requested a comparison between the FY09 and FY10 premiums by plan assuming a 2% increase. Mr. Holland noted that enrollees between 200% and 250% FPL and those between 250% and 300% FPL will see large reductions. Rick Lord asked why, given the savings in CommCare, small businesses are experiencing significant

At least one plan bid the maximum discount in every region and in three regions two plans bid the maximum discount. In regions where there is a tie, each will get an equal portion of auto-assigned members. Mr. Gruber asked if the actuarial rate range has improved in accuracy since last year and whether the Connector should consider allowing plans to bid below the actuarial range. Mr. Holland explained that the rate range is evolving. In the first year of the program there was no historical data to base it on, but the range is getting tighter. The target fell near the midpoint of the range. Mr. Gruber requested an evaluation of the rate range prior to the FY11 procurement.

All plans proposed an enhanced benefit incentive for Plan Type (PT) I, but only the lowest bidder in each region qualifies. Qualifying plans would receive 25% of the discount. Mr. Kingsdale noted that Connector staff is evaluating the incentives to ensure that administrative costs do not outweigh the program's value. Mr. Dehner asked how the plans benefited from this. Mr. Holland responded that it is a marketing incentive to encourage enrollees to select that plan. Financial incentives are not an option because PT I members do not pay a premium. With the Board's consent, Mr. Holland stated that Connector staff will go forward with data gathering on the proposed incentives. Staff recommendations will be offered in March.

Mr. Holland provided background information on the potential new entrant, the Commonwealth Family Health Plan (CFHP), a joint venture between Caritas Christi Health Care and the Centene Corporation. CFHP has proposed to extend service to four of the five regions, with the Caritas system being the core of the network. Ms. Turnbull expressed concerns regarding the availability of family planning and reproductive health services because Caritas does not provide these services. She requested that Connector staff investigate this matter thoroughly and ensure that enrollees will have access to all covered benefits before contracting with CFHP. Ian Duncan requested that staff thoroughly evaluate the quality of the provider network. Mr. Holland stated that, due to the size of proposed area of service, CFHP will need to contract with other providers as well. Centene is committing significant resources to the expansion and the Connector will work with them on an on-going basis to make sure there is an adequate network in place before members are allowed to enroll. Mr. Duncan asked that the financial strength of Centene be compared with that of the incumbents. Ms. Burnes responded that the DOI is looking at this as part of the licensing application process. DOI will also review the capital structure to ensure claims can be paid, the management team, the company's structure, and other factors impacting their ability to service members.

Ms. Turnbull congratulated Connector staff on the procurement. She requested that staff consider the vulnerability of the population that the new proposed entrant would serve. As the lowest bidder, CFHP will be both an attractive choice to enrollees and the recipient of the majority of auto-assigned members. She expressed concerns that CFHP is the only plan not contracted with MassHealth and asked that staff assess the implications of this for members moving from CommCare to MassHealth. Mr. Gruber expressed support for allowing a new entrant, noting that it is beneficial to the program and will help to maintain costs. Ms. Wcislo agreed that the procurement process has improved and the results are reflective of that progress.

IV. Commonwealth Choice: Presentation on Draft Seal of Approval Goals and Market Baseline Data: Mr. Kingsdale reviewed the structure of the CommCare and Commonwealth Choice (CommChoice) programs and the major differences between them. He explained that

CommChoice is one of many avenues by which an individual can purchase the same product, while the Contributory Plan (CP) for small businesses is a repackaging of plans available on the market. The Connector cannot set prices for CommChoice plans, but the Seal of Approval (SOA) allows the Connector to designate high quality plans and make shopping easier for consumers. Mr. Kingsdale noted that the Connector receives a great deal of feedback from consumers, much of which has been positive. Many individuals have expressed gratitude for the ease with which they can compare prices and benefits through the Connector.

Mr. Kingsdale explained the evolution of the non-group market following the implementation of health care reform. Premiums have decreased in the Commonwealth since 2006. Mr. Kingsdale identified three possible reasons for the decline: (1) the merger of the small- and non-group markets bringing healthier and sicker populations into a single pool, (2) the mandate, which brought new healthy members into the pool, and (3) individuals moving towards less expensive plans. He explained that CommChoice shoppers are price sensitive, but demand is being seen at both ends of the price spectrum. Ms. Turnbull expressed concern regarding the large premium spread within each benefit level and asked for further details on why this is occurring.

Mr. Holland provided those in attendance with an overview of the upcoming SOA process. Connector staff is working with carriers on plan designs that expand choice and simplify shopping for consumers. The plans will be effective January 1, 2010.

CommChoice has experienced success in the individual market and the Connector has a significant share of the market growth. Ms. Turnbull asked for data on what share of carriers' enrollees have signed up through the Connector. Mr. Gruber asked that research be conducted on why individuals chose to purchase coverage in the market rather than through the Connector. Mr. Kingsdale stated that a study is being launched. Ms. Burnes asked what percentage of the non-group market is represented by the Connector. Mr. Kingsdale responded that, depending on the data used, 20% to 25% of the growth in the market is in the Connector.

Mr. Holland reviewed the SOA goals. Ms. Turnbull asked Connector staff to explore whether consumers desire increased choice or if fewer options would be simpler and preferable. Some Board members noted that their constituencies are gravitating towards low-cost plans rather than seeking expanded choice. Mr. Dehner questioned the impact CommChoice has on the market and requested an opportunity for the Board to discuss the program's current and potential role.

There being no further business before the Board, the meeting was adjourned at 11:05 AM.

Respectfully submitted,
Nicole Iannuzzi